

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

A. Explanatory Notes to the Interim Financial Statements as required by FRS134

A1. Basis of preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard 134 (“FRS”), Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Hunza Properties Berhad Group (“the Group”) for the year ended 30 June 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions so as to give a true and fair view of the state of affairs of the Group as of 31 March 2015 and of its result and cash flows for the period then ended.

A2. Changes in accounting policies

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2014 except for the adoption of the following:-

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to FRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to FRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139, Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to FRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to FRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to FRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

Adoption of the above FRSs, Interpretations and Amendments do not have any significant impact on the Group’s financial position and results.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

A2. Changes in accounting policies (Cont'd)

Malaysian Financial Reporting Standards, MFRSs

The Company falls within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate. Therefore, the Company is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

Based on the MASB announcement on 2 September 2014, the effective date for the adoption of MFRS Framework by transitioning entities (i.e. entities affected by MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate) was deferred from annual period beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined by the MASB, the Company has elected to continue to apply the FRS Framework up till its financial year ending 30 June 2017 and thereafter will adopt the Standards of the MFRS Framework that will be in force as per the MASB during the financial year ending 30 June 2018.

A3. Declaration of audit qualification

The annual financial statements of the Group for the immediate preceding financial year ended 30 June 2014 were not subject to any qualification on the report of the auditors.

A4. Seasonal or cyclical factors

The business operations of the Group have not been significantly affected by seasonal or cyclical factors, except being primarily a property developer and real estate investor it is highly correlated to the nation's economy.

A5. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size, or incidence for the financial period under review.

A6. Changes in estimates

There were no material changes in estimates for the financial period under review.

A7. Debt and equity securities

The number of treasury shares brought forward from the last financial year ended 30 June 2014 was 16,087,652 ordinary shares of RM1 each at total cost of RM28,787,558. During this financial period, HPB has bought back a further 8,412,100 ordinary shares at the average price of RM1.93 per share. All the above ordinary shares bought back were held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965 and the balance of treasury shares as at 31 March 2015 is accordingly 24,499,752. There were no share cancellations and resale of treasury shares during the period. Subsequent to 31 March 2015 (up to 20 May 2015), no further shares have been bought back.

On 3 March 2010, 43,679,467 warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time on or after the issue date but not later than 5.00 p.m. on 2 March 2015 ("Expiry Date"). The number of unexercised warrants as at 1 July 2014 was 11,320,229. During the financial period up to Expiry Date, 4,753,288 shares have been issued by virtue of exercise of warrants. Accordingly, 6,566,941 warrants remained unexercised on Expiry Date and thus they lapsed and became null and void and ceased to be exercisable.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

A7. Debt and equity securities (Cont'd)

After accounting for the share buy-back transactions and warrants conversions, the Company's issued and paid-up share capital on 31 March 2015 is 225,085,440 ordinary shares (excluding 24,499,752 treasury shares). Subsequent to 31 March 2015 (up to 20 May 2015), the Company's issued and paid-up share capital is unchanged.

A8. Dividend payable

No dividend was paid during the period under review.

Please refer to note B11 for dividend declared / proposed.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

A9. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. Previously in our reports, we included 4 segments - we have now excluded the construction segment in this disclosure as this segment no longer meets the quantitative thresholds in accordance to FRS 8, Operating Segments and as such the information about this segment would not be useful to the readers.

	Property Development RM'000	Property Investment RM'000	Trading RM'000	Total reportable segment RM'000	Other non-reportable segments RM'000	Elimination RM'000	Consolidated RM'000
Financial period ended 31 March 2015							
External revenue	101,921	42,248	-	144,169	2,054	-	146,223
Inter-segment revenue	-	1,292	14,694	15,986	8,157	(24,143)	-
Segment profit / (loss)	36,258	17,881	80	54,219	(43)	(6,166)	48,010
Segment assets	346,759	985,046	5,785	1,337,590	40,990	-	1,378,580
Financial period ended 31 March 2014							
External revenue	72,995	27,623	-	100,618	1,381	-	101,999
Inter-segment revenue	-	1,416	6,194	7,610	4,133	(11,743)	-
Segment profit	17,857	10,717	(285)	28,289	(1,682)	2,067	28,674
Segment assets	311,998	863,928	3,108	1,179,034	13,994	-	1,193,028

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

A10. Valuations of property, plant & equipment

The value of land and buildings is stated at 2010 valuation less accumulated depreciation, after a revaluation exercise carried out on 21 May 2010 by an independent firm of professional valuers using “open market value with existing use” basis. This was in line with our policy that freehold office units and buildings (held for own use) stated at valuation are revalued at regular intervals of at least once in every five years.

A11. Valuations of investment properties

The value of such are based upon a valuation exercise carried out by independent firms of professional valuers (for Investment Properties which are significant) and/or directors. The valuation methods used in determining the valuation are the investment method and comparison method. This was in line with our policy upon adoption of FRS 140, that investment properties are revalued at regular intervals of at least once every year, usually in 4th quarter.

Preceding year corresponding period (1st July 2013 to 31st March 2014) amount of RM6.7 million was due to change in use for a piece of land.

A12. Material events subsequent to the interim reporting period

Save as disclosed in B6, there are no material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

A13. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date except for the following:

On 26 January 2015, HPB acquired 7,500 ordinary shares of RM1.00 each representing 30% of the total issued and paid-up capital of Nilai Arif Sdn Bhd (“NASB”) (see note B7).

On 11 February 2015, NASB increased its total paid up share capital to RM250,000 comprising 250,000 shares of RM1.00 each. This is in order for NASB to apply for the housing developer license, NASB must have a minimum total paid up share capital of RM250,000 as one of the conditions stated under the Housing Development (Control and Licensing) Act 1966.

Accordingly, HPB has subscribed for all of the 225,000 ordinary shares of RM1.00 each at par in NASB as the two other unrelated individual shareholders of NASB, had renounced their rights absolutely in relation to the allotment of 225,000 ordinary shares in the paid-up capital of NASB.

Upon completion of the subscription on 11 February 2015, NASB became a subsidiary (93% owned) of HPB.

A14. Contingent liabilities

There were no contingent liabilities as at 31 March 2015.

A15. Significant related party transactions

There were no significant related party transactions for the financial period to-date.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

B. Additional information required by the listing requirements of Bursa Malaysia Securities Berhad

B1. Performance review of the Group

The Group achieved revenue of RM54.8 million and profit before taxation of RM13.5 million for current quarter as compared to RM37.7 million and RM2.6 million respectively in preceding year's corresponding quarter.

Revenue and profit before tax were higher in current quarter compared to preceding year's corresponding quarter were mainly due to:-

- i. Higher sales from the property development segment due to stronger take-up rate;
- ii. Higher occupancy rate for Gurney Paragon Mall and Office Tower as compared to corresponding quarter, as they were just newly opened then in July 2013 and Aug 2013 respectively.

B1.1 Performance and current year prospects of each operating segment

i) Property Development

Phase 4 double storey link house (184 units) in Bandar Putra Bertam which was launched in 3rd quarter of previous financial year 2014, has shown a strong take up rate. Another 172 units of Phase 4 was launched in previous quarter and is expected to contribute decently to the Group's results in this fiscal year.

The earthwork for the "Green" building super-condominiums of Alila II is in progress, and sales are expected to commence in the second half of calendar year 2015. The Juru Project is planned to take off upon approval of the revised plan by the authorities. The terms and conditions imposed for the initial plan is deemed not viable, hence, we submitted a revised plan.

The construction of low cost apartments, one of the major steps undertaken to re-settle squatters in our 42+ acres land in Bayan Baru, is progressing smoothly.

ii) Property Investment

The property investment segment reported revenue of RM42.2 million and profit before tax of RM6.2 million (this is after a RM11.7 million interest expenses deducted from the operational profit of RM17.9 million, as per the segment reports in note A9) for the current 9 month period as compared to revenue of RM27.6 million and loss before tax of RM4.9 million (this is after a RM8.9 million interest expenses and RM6.7 million revaluation gain of investment property deducted from the operational profit of RM10.7 million) in the corresponding 9 month period ended 31 March 2014.

The increase in revenue and profit before tax were mainly due to higher occupancy rate for Gurney Paragon Mall and Office Tower (refer B1 ii above).

iii) Trading

The trading arm of the Group currently comprises sales of building materials to contractors for low cost apartments in Bayan Baru and Bertam projects.

The purpose of these activities is mainly for sourcing materials at a better quality and pricing directly from the manufacturers for the Group's own development and investment projects.

The increase in revenue for trading was due to more projects ie. our low cost apartments (refer B1.1 i) and Bertam project. However such were low margin products, hence leading to not significant results.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

B2. Material changes in the quarterly results as compared with preceding quarter

The Group achieved profit before taxation of RM13.5 million for current quarter as compared to RM7.6 million in preceding quarter ended 31 December 2014.

The increase of profit before taxation for the current quarter was mainly attributable to the higher sales from the property development segment.

B3. Prospects for the current financial year

Going forward, the Group shall concentrate on constructing the latest phase of double storey link houses in Bandar Putra Bertam and the “Green” building super-condominiums of Alila II. At the same time, we will maintain focus on the tenancing and management of Gurney Paragon Retail Mall and Office Tower. We also stress on the construction of low cost apartments which is progressing smoothly (refer B1.1 i).

Based on the above factors, the Board is confident that the Group will continue to record a decent performance in current financial year.

B4. Variance of actual profit from forecast profit

Not applicable. The Group has not published any profit forecast nor profit guarantee for the period under review.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended	Corresponding Quarter ended	Current year to date ended	Corresponding year to date ended
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	(4,291)	(1,279)	(9,481)	(7,260)
- Previous year	703	552	703	552
Deferred tax	(671)	306	(611)	773
	<u>(4,259)</u>	<u>(421)</u>	<u>(9,389)</u>	<u>(5,935)</u>

The current tax expenses approximate the statutory tax rate.

B6. Status of corporate proposals

On 20 March 2015, the Board of Directors of the Company ("Board") received a letter from a major shareholder of the Company, Khor Teng Tong Holdings Sdn Bhd ("KTTH"), notifying its intention to privatise the Company by way of a selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965 ("Act") to all shareholders of the Company other than KTTH and its persons-acting-in-concert ("Proposed SCR") ("SCR Offer Letter").

On 31 March 2015, on behalf of the Board, CIMB Investment Bank Berhad ("CIMB") as the Principal Adviser and OCBC Advisers (Malaysia) Sdn Bhd as the Financial Adviser for the Proposed SCR, announced that the Board, save for the Interested Directors, has deliberated on the contents of the SCR Offer Letter and has resolved to table the Proposed SCR to the shareholders of Hunza for their consideration.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

B6. Status of corporate proposals (cont'd)

The Proposed SCR involves a capital repayment of RM2.50 in cash for each existing ordinary share of RM1.00 in Hunza (“Hunza Share”) held by shareholders of the Company other than KTTH and its persons-acting-in-concert (“Non-Entitled Shareholders”) whose name appear in the Record of Depositors of Hunza as at the close of business on an entitlement date to be determined and announced later (“Entitled Shareholders”).

Based on the Company’s shareholding as at 19 March 2015, the Entitled Shareholders collectively hold 92,289,321 Hunza Shares, representing approximately 41.00% of the issued and paid-up share capital of Hunza (excluding all the treasury shares held by Hunza).

Upon completion of the Proposed SCR, the collective equity interest of the Non-Entitled Shareholders will increase from 59% as at 19 March 2015 to 100% as a result of the cancellation of all Hunza Shares held by the Entitled Shareholders under the Proposed SCR. Save for the then existing treasury shares which will continue to be held by Hunza, all the remaining un-cancelled Hunza Shares following the Proposed SCR will continue to be held by the Non-Entitled Shareholders representing 100% collective equity interest in Hunza.

The Proposed SCR is subject to and conditional upon the following being obtained:

- (i) approval of the Securities Commission Malaysia (“SC”) for an exemption under Paragraph 1.1 of Practice Note (‘PN’) 44 of the Malaysian Code on Take-Overs and Mergers, 2010 (“Code”) (“Proposed Exemption”);
- (ii) the consent of the SC for the circular, explanatory statement and independent advice letter to be issued to the shareholders of Hunza;
- (iii) approval of the non-interested shareholders of Hunza via a special resolution at an extraordinary general meeting (“EGM”) to be convened. The Proposed SCR must be approved by at least 50% in number and 75% in value of the disinterested shares that are cast either in person or by proxy at the EGM and the value of the votes cast against the Proposed SCR must not be more than 10% of the votes attaching to all disinterested shares;
- (iv) the grant of an order from the High Court of Malaya approving the reduction of the issued and paid-up share capital of Hunza pursuant to Section 64 of the Act;
- (v) consent of the relevant creditors/lenders of Hunza, if required;
- (vi) approvals/consents of any other relevant authorities, if required; and
- (vii) the Company procuring the necessary funding for the Proposed SCR.

The SC had vide its letter dated 13 May 2015 approved the Proposed Exemption subject to compliance with the requirements under Paragraph 1.2 of PN44 of the Code.

Barring any unforeseen circumstances and subject to obtaining the necessary approvals and consent from the relevant authorities/parties as disclosed above, the Proposed SCR is expected to be completed in the 4th quarter of calendar year 2015.

Please refer to the Company’s announcements via Bursa dated 20 March 2015 and 31 March 2015 for further details on the Proposed SCR.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

B7. Other receivables

For the previous financial year ended 30 June 2014, other receivables included RM21.78 million of security deposit provided by a wholly-owned subsidiary of the Company, Hunza Properties (North) Sdn. Bhd. ("HPN") to Nilai Arif Sdn Bhd ("NASB"). It was financial assistance provided by the Group pursuant to paragraph 8.23 (1)(ii), (2)(e) and PN No.11/2001 of the Bursa Securities Listing Requirements.

During the financial period, HPB became the owner of 93% of the paid-up share capital of NASB, thus making it a subsidiary (see note A13).

B8. Group borrowings

Details are as follows:

	<u>RM'000</u> Unsecured	<u>RM'000</u> Secured	<u>RM'000</u> Total
<u>Current</u>			
Bankers' acceptances	764	-	764
Revolving credit	-	4,600	4,600
Long-term borrowings due less than 1 year	1,835	11,182	13,017
	<u>2,599</u>	<u>15,782</u>	<u>18,381</u>
<u>Non-current</u>			
Long-term borrowings due between 1 and 5 years	-	163,629	163,629
Long-term borrowings due more than 5 years	-	255,605	255,605
	<u>-</u>	<u>419,234</u>	<u>419,234</u>

All borrowings are denominated in *Ringgit Malaysia*. Those secured are by way of legal charge over lands, fixed and floating charge over other assets and corporate guarantee.

The Group's secured long-term loans obtained from licensed financial institutions bear interest rates ranging from 1 % to 2% above the banks' cost of funds and fixed rate at 5.25%.

The Group's bankers' acceptances bear interest rates at 1.25% to 1.75% above the banks' cost of funds. The revolving credit bears interest rates at 1.5% to 2.0% above bank's cost of funds per annum.

B9. Breakdown of realised and unrealised profits or losses of the Group

	At end of current quarter 31 March 2015
	RM'000
Realised profits	202,375
Unrealised profits	328,886
Total retained profits	<u>531,261</u>

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

B10. Changes in material litigation

(i) Arbitration & Litigation between Hunza Properties (Gurney) Sdn Bhd (“HPG”), Hunza Properties (Penang) Sdn Bhd (“HPP”) and PLB-KH Bina Sdn Bhd (“PLB-KH”)

On 3 September 2009, HPG and HPP, wholly-owned subsidiaries of the Company issued a Notice of Arbitration referring the disputes and differences between HPP and HPG, and PLB-KH under the contract dated 14 January 2008 entered among HPP, HPG and PLB-KH (“the Contract”) to arbitration. The Contract was for the basement construction works of the Gurney Paragon Project. HPP’s and HPG’s claims are premised upon PLB-KH’s breaches of the Contract and for loss and damages as a result thereof.

The arbitration proceedings are still on-going, and are at the stage of evidence taking of HPP & HPG’s witnesses. The arbitration has been fixed for continued hearing from July 2015 to May 2016.

The solicitors still continue to have the opinion that HPP and HPG have a good arguable case against the Respondent in the arbitration.

(ii) Writ action filed by HPG and HPP against PLB Engineering Bhd (“PLB Eng”)

HPG and HPP have on 3 November 2009 jointly commenced a Writ Action against PLB Eng which is the holding company of PLB-KH pursuant to the Letter of Corporate Guarantee dated 20 August 2008 wherein PLB Eng guaranteed a sum of RM1.52 million amounting to 5% of the contract price of the Contract.

However, PLB Eng had subsequently referred the issue on the payment out of the guarantee sum under the Corporate Guarantee to be part of the on-going arbitration between HPP & HPG and PLB-KH.

The solicitors still continue to have the opinion that HPG and HPP have a good arguable case against PLB Eng.

(iii) Suit in Penang High Court of Lye Siew Weng (as public officer for Persatuan Kwangtung Dan Tengchow, Pulau Pinang) with Hunza Parade Development Sdn Bhd (“HPD”)

HPD, a wholly-owned subsidiary of the Company, received a Writ and Statement of Claim both dated 2 December 2014 from Lye Siew Weng, Public Officer for Persatuan Kwangtung and Tengchow, Pulau Pinang (“Kwangtung”) over a joint venture dispute relating to a development in Penang (“JV Agreements”). The joint venture between Kwangtung and HPD was entered into in 1990. The Penang High Court on 30 June 2011, had vide CS No. 22-416-2003 (“the First Proceedings”), inter alia, found that the JV Agreements were lawfully terminated.

In 2014, Kwangtung commenced legal proceedings under Penang High Court (“the Proceedings”) against HPD for inter alia, the claims and reliefs as follows:-

- (a) a sum of RM7.2 million is due to Kwangtung in respect of moneys received on Condominium Blocks;
- (b) a sum of RM10.6 million being one-third (1/3) of the total net profits that Kwangtung would have made from the sale of the Commercial Block (under the JV Agreements); and
- (c) an interest at the rate of 5% per annum on the above sum.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

B10. Changes in material litigation (cont'd)

HPD's solicitors have expressed its professional opinion as follows that

- (i) the alleged claims of RM7.2 million arising from the sale of the Condominium Blocks is unsustainable;
- (ii) the claims of RM7.2 million and RM10.6 million pursuant to the JV Agreements which were terminated on 28.08.2000 are time barred under the Limitations Act, 1953;
- (iii) HPD has a valid and sustainable defence under the doctrine of res judicata and/or estoppel upon the premise that the claims arising from the JV Agreement should have been litigated and disposed under First Proceedings.

Statement of Defence was filed by HPD on 13 January 2015 with the Penang High Court. HPD had also applied to strike out Kwangtung's claim on the grounds that it is time barred, frivolous and an abuse of Court process and res judicata. The said application was dismissed with costs by the High Court. HPD had filed an appeal to the Court of Appeal against the said decision.

(iv) Writ action filed by Loke Wan Yat Realty Sdn Bhd ("Loke Realty") against Hunza Properties (Gurney) Sdn. Bhd. ("HPG")

HPG, a wholly-owned subsidiary of the Company, has received a Writ and and Statement of Claim both dated 18 March 2015 from Loke Realty. Loke Realty is the registered proprietor of Loke Mansion located in Penang Persiaran Gurney ("the Loke Mansion"). Development was carried out by HPG on its land adjacent to Loke Mansion since 2006.

Loke Realty commenced legal proceedings under Penang High Court ("the Proceedings") against HPG for inter alia, the claims and reliefs that:

- (a) the loss of rentals, maintenance costs, monitoring and attendance costs and professional fees all amounting to RM1,106,649;
- (b) general damages for negligence and nuisance, exemplary and/or aggravated damages all amounting to RM1,250,000; and
- (c) injunction that HPG take such necessary measures forthwith to rectify the ventilation and exhaust ducts.

HPG's solicitors is of its professional opinion that:

- (i) the alleged claims for loss of rentals, maintenance costs, monitoring and attendance costs and professional fees are unsustainable and/or too remote;
- (ii) HPG has a valid and sustainable defence against Loke Realty's claim of negligence and nuisance as HPG has taken all reasonable care and/or acted reasonable in carrying out the development on HPG's lands; and
- (iii) HPG has a good and/or meritorious case.

Memorandum of Appearance was entered into by HPD on in April 2015 with the Penang High Court. The solicitors acting for HPD are preparing the necessary course papers for this matter.

B11. Dividends declared / proposed

The board of directors has not proposed any dividend for the financial period under review.

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

B12. Earnings per share (“EPS”)

(a) Basic

Basic EPS is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.03.2015 RM'000	Corresponding quarter ended 31.03.2014 RM'000	Current year ended 31.03.2015 RM'000	Corresponding year ended 31.03.2014 RM'000
Profit attributable to ordinary shareholders	5,514	171	17,014	9,013
Weighted average number of ordinary shares in issue (excluding treasury shares)	222,740	232,120	223,930	211,778
Basic EPS (sen)	2.48	0.07	7.60	4.26

(b) Diluted

During current financial period, the diluted EPS is not applicable as the warrants that remained unexercised on Expiry Date have lapsed and became null and void and ceased to be exercisable (refer A7).

B13. Profit for the period

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 31.03.2015 RM'000	Corresponding Quarter ended 31.03.2014 RM'000	Current Year to date ended 31.03.2014 RM'000	Corresponding year to date ended 31.03.2014 RM'000
Profit for the year is arrived at after charging:				
Depreciation of property, plant and equipment	599	253	1,748	1,485
Property, plant and equipment written off	9	3	14	20
Interest expenses	4,439	3,049	12,866	9,254
and after crediting:				
Fair value gain on investment property	-	-	-	6,703
Gain on disposal of property, plant and equipment	134	230	276	230
Interest income	334	208	1,015	621

HUNZA PROPERTIES BERHAD

(Company No. 461624-X)

Notes to the Condensed Consolidated Interim Financial Statements:-

B14. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Current Quarter ended 31.03.2015 RM'000	Preceding Year Corresponding Quarter ended 31.03.2014 RM'000
Cash and bank balances	31,115	16,854
Deposits with licensed banks	65,551	18,091
Bank overdraft	-	(10,817)
	<hr/> 96,666	<hr/> 24,128
Less : Deposit pledged	(172)	(111)
	<hr/> <hr/> 96,494	<hr/> <hr/> 24,017

B15. Derivative financial instruments

There were no financial instruments with off balance sheet risk for the financial period under review.

B16. Gains or Losses arising from fair value changes of financial liabilities

There were no gains or losses resulting from fair valuing of financial liabilities for the financial period under review.

By Order of the Board
Hunza Properties Berhad

GUNN CHIT GEOK
CHEW SIEW CHENG
Secretaries

Penang

27 May 2015